

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION EXH

REQUEST FOR ACTION

MOTION	Brandon
SECOND	Taylor
ACTION	APPROVED BY THE REGENTS
NOTE: SEP 15 2005	

Subject: Alternative Asset Commitment

Action Requested: JOG Limited Partnership III

Background and Summary: We recommend a commitment of C\$10 million (~\$8.4 million) from the Long Term Portfolio to JOG Limited Partnership III, a Canadian oil and gas investment fund focused on small investments in junior oil and gas companies in Canada.

JOG Capital, the sponsor of the fund, was formed in 2002 by Don Cowie to make investments in junior oil and gas companies in Canada. Cowie has over 25 years of experience in the Canadian oil and gas industry creating value as both an investment banker and as the head of several successful Canadian junior oil companies. Ryan Crawford and Michelle Gramatke joined JOG Capital in 2004, Crawford with several years of experience in the Calgary financial oil and gas industry and Gramatke with many years of experience in professional accounting and financial consulting, many of those years focusing on Canadian upstream oil and gas companies. In addition to the existing management team, JOG has an investment committee that consists of three non-management personnel who are very seasoned oil and gas professionals.

The Fund will continue the team's strategy to invest C\$1 to C\$4 million of equity in the growth stage of junior Canadian exploration and production companies. JOG will invest with experienced management teams who plan to build companies and take advantage of the institutional market's demand for larger companies. Although these small investments typically represent only 10-20 percent of the company's equity, JOG often receives board representation allowing them to influence the direction of the companies.

JOG requires the management teams to make significant capital commitments and focuses on teams with prior experience in their particular areas of focus. There are several exit opportunities for these small, Canadian exploration and production companies including a sale to a trust, conversion to a trust, a sale to a large independent, or a public offering.

This investment fits within the University's energy strategy to invest with experienced managers who have demonstrated an ability to add value in this inefficient sector.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2005